

FOOTHILL TRANSIT

MINUTES

The meeting of the Foothill Transit Executive Board was held Friday, April 24, 2009, at the Foothill Transit Board Room, 100 South Vincent Avenue, 2nd Floor, West Covina.

Chair Delach called the meeting to order at 8:05 a.m. The following members were present, constituting a quorum of the Executive Board:

Peggy Delach, Chair
Michael De La Torre, Vice Chair
Dan Kirby
Paula Lantz
Lola Storing

Staff and guests present:

Doran Barnes, Executive Director
Kevin McDonald, Deputy Executive Director
Darold Pieper, Legal Counsel
Ed Gill, Special Counsel
George Britton, Deputy Secretary
Dietter Aragon, Planning Manager
Richard Hasenohrl, Director of Finance
George Karbowski, Director of Operations & Maintenance
Gary Nehls, Director of Procurement
David Reyno, Director of Government Relations
Linda Somilleda, Director of Marketing & Communications
Peter Greenberg, General Manager
Vanessa Rachal, Department of Public Works
Doug Tessitor, City of Glendora
Joshua Goldman, Proterra LLC
Dale Hill, Proterra LLC
Chung Lu, Deputy Executive Officer, South Coast Air Quality Management District
Eric Stepani, Aero Environment
Larry Ball, Johnson Fain Architects
Scott Johnson, Johnson Fain Architects

Pledge of Allegiance

Chair Delach led those present in the Pledge of Allegiance.

APPROVAL OF MINUTES FOR THE REGULAR MEETING OF MARCH 27, 2009

The minutes listed above were duly carried as submitted, with the following correction:

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On Page 2, under 5.2 Contractors' Employee Recognition, change, "...21 preventable accidents..." to "...0 preventable accidents..."

Motion: Member Storing, seconded by Vice President De La Torre
Vote: Unanimously carried

PRESENTATIONS

5.1 Contractors' Employee Recognition

Linda Somilleda, Director of Marketing & Communications, introduced and recognized the Arcadia location MV Transportation Operator of the Month, Eli Hsu, who has driven for four years. Ms. Somilleda introduced and recognized the Arcadia location MV Transportation Employee of the Month, Albert Saenz. Mr. Saenz has been with MV Transportation for four years.

Peter Greenberg, General Manager, introduced and recognized the Pomona location First Transit Operator of the Month, Robert Rubico, who is an excellent line instructor. Mr. Greenberg introduced and recognized the Pomona location First Transit Employee of the Quarter, Daniel Seidi, Maintenance Supervisor, who served eighteen years in the United States Air Force.

Doran Barnes, Executive Director, introduced and recognized the Veolia Employee of the Quarter, Paul Diaz, a PC Support Technician who has consistently demonstrated a positive attitude and demeanor.

Chari Delach congratulated those recognized.

PUBLIC COMMENT

There was none.

CONSENT CALENDAR:

The Executive Board adopted the Consent Calendar items 7 and 8.

Motion: Vice Chair De La Torre, seconded by Member Storing
Vote: Unanimously carried

REGULAR AGENDA:

PROPOSED BUSINESS PLAN FOR FISCAL YEAR 2010

Kevin McDonald, Deputy Executive Director, reported that Foothill Transit's business plan was approved at the April 3, 2009 Administrative Advisory Committee (AAC) meeting with minor changes. Although specific adjustments were not recommended, Foothill Transit has modified certain performance indicators based on AAC discussions. These changes, which

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include reducing the targets for Preventable Accidents per 100,000 Miles and Average Hold Time, have been incorporated into the draft document. Foothill Transit's FY 2010 Business Plan is a combined budget document and Short Range Transit Plan (S RTP) for the organization.

This year's Business Plan projects that Foothill Transit will operate 751,400 vehicle service hours, approximately 2.5 percent under last year's level of service. The agency's FY 2010 operating cost, budgeted at \$75.2 million, represents an 8.4% increase over Fiscal Year 2009 projections, and is 1.9% higher than the budgeted FY 2009 total. Transit operations and maintenance annual contract escalators and conservative estimates on fuel costs are the major contributors to this increase. Overall, transit operations account for 87% of Foothill Transit's total operating cost, and Foothill Transit's FY 2010 fare revenue projection is \$17.8 million. This represents a 0.5% increase over projected FY 2009 fare revenue levels as a result of the slow economy and flat ridership projected in the coming year.

Major assumptions included in the proposed 15-year Financial Outlook are:

- No projected increase in service.
- A slight increase in passenger boardings (1% at random intervals beginning in FY 2015).
- Fare increases of 7% every third year.
- Cost increases based on today's economic conditions.

Key issues and assumptions include:

1. Vehicle service hours will remain relatively constant at approximately 760,000 service hours through FY 2024.
2. Future bus purchases will specify the use of compressed natural gas (CNG).
3. Operating contractor expenses will increase by approximately 4% per year, with larger increases projected at 7.5% every fifth year when operating contracts are anticipated to be re-procured.
4. Other capital issues include the farebox recovery ratio, revenues from federal grants, and the Foothill Transit capital improvement program.

Member Chandler commented that a private enterprise could not exist with this budget because only 24% of profits are generated via farebox revenues; consequently, a government-subsidized operation is imperative. He inquired how farebox recovery can be set at a 20-25% minimum ratio. Mr. Barnes noted that while the State budget is in a fluid state, it would be up to the Board to decide on how to proceed with farebox recovery.

Member Lantz commented that balancing the budget for transportation is a very serious challenge, and is in a very unpredictable state at the present time. Chair Delach added that the economy is at the most volatile state that she has ever seen.

Following discussion, the Executive Board approved Foothill Transit's proposed Business Plan and Performance Targets for Fiscal Year 2010 to the Foothill Transit Governing Board.

Motion: Member Chandler, seconded by Member Storing
Vote: Unanimously carried

CONTRACT AWARD – SEAT REPLACEMENT ON SEVENTY-FIVE (75) 40-FT. NABI BUSES

The item was deferred to the May 22, 2009 Foothill Transit Executive Board meeting.

SOLE SOURCE APPROVAL AND CONTRACT AWARD – PROCUREMENT OF THREE (3) BATTERY POWERED ELECTRIC BUSES AND WAYSIDE FAST CHARGING EQUIPMENT

Ed Gill, Special Counsel, reported that at the February 19, 2009 meeting the Executive Board authorized the Executive Director to issue a notice requesting interest from bus manufacturers to produce a 35-foot electric bus, which should be battery powered and could be completed within 6-9 months.

Foothill Transit received five responses from bus manufacturers, three of which met with Mr. Gill and George Karbowski, Director of Operations and Maintenance, to discuss the manufacturing of these proposed buses. Two of them could not meet Foothill Transit's requirements, leaving Proterra LLC who can offer a bus and the wayside fast charging equipment that fully meets the Foothill Transit requirements.

Since the contract was not based on the Request For Proposal (RFP) system, bids were not entertained, but based on the Sole Source system where a single vendor has been chosen to provide a service.

George Karbowski, Director of Operations and Maintenance, reported that the composite structure of the bus produced by Proterra is stylish, safe, non-corrosive and non-conductive. It uses a lithium ion battery that can be charged in less than ten minutes. It can be charged en route at layovers without operator intervention, so it can hold a 24/7 charge without returning to the shop. The new bus has been selected to run on line 291 in Pomona, and at the end of the line does not need servicing comparable to conventional buses.

Member Chandler reported the he and Members Lantz and Tessitor rode in the bus and they were given a demonstration on the changing of the bus battery, which was simpler and quicker changing than a standard car battery. Adding the bus to the Pomona line is an ideal decision, and is a great advancement in the direction of transportation. Member Lantz concurred. Member Tessitor added that he was very impressed by the simplicity and excellent performance of the vehicle; they were all given an opportunity to operate the bus and the handling and braking of the bus was absolutely phenomenal.

Chung Lu, South Coast Air Quality Management District, commented that the bus should help improve air quality standards and is a progressive step in transportation. Dale Hill, Proterra LLC, said the buses have been operating in Denver since 2000. His company has been manufacturing hybrid buses for 12 years, and this will change the face of global

transportation.

Following discussion, the Executive Board authorized the Executive Director to enter a Sole Source Contract with Proterra LLC for the procurement of three (3) battery powered electric buses and wayside fast charging equipment, and additionally authorized to negotiate final terms and conditions and execute a contract with Proterra in the amount of \$5.8 million, not including appropriate sales taxes which will be paid directly by Foothill Transit, and to negotiate final terms and conditions.

In response to Chair Delach, Ed Gill advised that all members can second the motion.

Motion: Member Chandler, seconded by the Board

Vote: Unanimously carried

CONTRACT AWARD – BUSINESS INTELLIGENCE SOFTWARE (RFP NO. 09-008)

Gary Nehls, Director of Procurement, reported on Business Intelligence (BI), a single portal to many data sources, which provides an alternative to storing data in many databases within an organization. BI systems are used to give transit agencies a more comprehensive view of the factors affecting their business, such as metrics on ridership, vehicle maintenance, and internal financial, planning and scheduling operations. A BI system will help Foothill Transit make more informed business decisions.

After six proposals were submitted following an RFP issued on January 29, 2009, the recommended vendor was TransTrack Systems, Inc. TransTrack was founded by a technician with over 20 years experience in the transit field and their product, Transit Performance Manager, is currently in use by twenty-one transit agencies in California. Funding for a BI Software System is available in Foothill Transit's approved FY 2009 Business Plan.

Following discussion, the Executive Board authorized the Executive Director to negotiate final contract terms and conditions, and to execute a contract in the amount of \$504,650 with TransTrack, Inc. for the implementation of a Business Intelligence Software System.

Motion: Vice Chair De La Torre, seconded by Chair Delach

Vote: Unanimously carried

TRANSIT ACCESS PASS (TAP) TRANSFER POLICY

Richard Hasenohrl, Director of Finance, reported that before the installation of Transit Access Pass (TAP) on May 7, 2009, some related business rule changes need to be finalized. One of the items is the elimination of TRiMs because Cubic Transportation was unable to furnish them. Since TRiMs allow transfers and proof of payments, Foothill Transit will be unable to mechanically issue transfer tickets. This poses a major inconvenience in that cash customers will not be able to obtain transfers. Paper transfers, known as tear-offs, are available but the ability to control fraud is challenging. The only transfers that can be processed would be on a TAP card; non-TAP card users would have difficulty

transferring. The proposal is to issue free TAP cards to encourage cash customers to make the conversion to the TAP system. No negative impact to ridership or fare revenue is anticipated by this rule change.

Member Lantz noted that although she fully understands the importance of a more efficient automated system to better facilitate transit boarding, she has some concerns in that some constituents are not current with technological advances. To reward customers for not using cash with free transfers and charging customers who pay cash can be seen as discriminatory towards riders who least can afford it. This action will penalize customers who most need this service.

Mr. Hasenohrl concurred and noted that cash customers still have the ability to get a TAP card with the transfer loaded onto the TAP card, thereby not excluding cash customers. In response to Member Lantz, he reported that ridership is at a 50-50 cash-TAP ratio.

In response to Chair Lantz, Mr. Barnes reported that during the initial phase, a cash customer will be handed a blank TAP card, they will pay their \$1.50 fare, and the transfer is embedded on their TAP card. After that initial phase, the customer will touch their blank TAP card on the farebox, pay their \$1.50, and it will load their transfer enabling them to board the next bus. For Silver Streak service, because of the Proof of Fare program, TAP cards given out will be hard plastic, limited use cards, with transfers loaded onto the cards. Once the cards are circulated, it is anticipated riders will take advantage of the savings provided on future rides.

In response to member Chandler, Mr. Barnes reported that there may be some initial resistance to the new TAP card system. The incentive to use a TAP card is in savings: a transfer with a TAP card is \$1.50, and \$2.00 without. The LA Metro system is already using this card system successfully.

Chair Delach requested a future report on the results of the new TAP card system on the general ridership.

Following discussion, the Executive Board supported the recommendation to restrict the sale of transfers to TAP card holders only.

Motion: Member Storing, seconded by Member Chandler
Vote: Unanimously carried

TRANSIT ACCESS PASS (TAP) UPDATE

Richard Hasenohrl, Director of Finance, reported that the precursor to the TAP card, the MetroCard, was last sold on April 15, 2009. This was done with the hope that customers would exhaust the value on their MetroCard, thereby limiting the number of MetroCards that customers would return to transfer value to TAP cards. The MetroCard will continue to be a valid fare media until the new fareboxes are installed.

During the transition, MetroCard customers will be required to use another form of fare media if the value on their MetroCard has been exhausted. This could be cash or one of Foothill Transit's 31-Day paper passes. The validated paper pass can be used as a flash pass on buses equipped with a TAP farebox.

Following discussion, the Executive Board received and filed the TAP update.

Motion: Member Chandler, seconded by Member Lantz

Vote: Unanimously carried

FINANCIAL INVESTMENT PROGRAM POLICY

Richard Hasenohrl, Director of Finance, reported that on March 27, 2009, the Executive Board requested an update on Foothill Transit's financial investment program. The reserve on Foothill Transit is split 50-50, with Bank of the West and the state's Local Agency Investment Fund (LAIF). The LAIF deposits are not insured, however, they are considered secure because of the large size of the investment pool and its diversification of investments.

Bank of the West monies are not secured but can be insured with the FDIC (Federal Deposit Insurance Corporation). The FDIC insurance is available for interest earning deposits up to \$250,000 per account holder. Another FDIC option is unlimited insurance coverage for non-interest bearing accounts. The \$250,000 insurance limit or unlimited coverage for non-interest bearing deposits is in effect until December 31, 2009, when it will require congressional approval to extend this coverage. The investment goals for Foothill Transit are: 1) safety; 2) liquidity; and 3) yield.

In order to diversify the distribution of investments for Foothill Transit, the recommendations are: 1. Direct staff to diversify the holding of Foothill Transit's cash assets as noted, and, 2. Authorize the Finance Director to open accounts at Wells Fargo and Chase. CDs valued at \$7 million would be invested in Wells Fargo and \$8 million dollars would be collateralized in Chase. This would be in addition to the \$14 million invested in the non-interest account at Bank of the West and the \$6 million invested in LAIF.

In response to Member Chandler, Mr. Hasenohrl explained that \$14 million is deposited in a non-interest account for security reasons. Bank of the West presents many banking advantages to justify it being placed in a non-interest bearing account. Expenditures for buses will be reimbursed later from federal funds and as such the account is expected to fluctuate periodically. Mr. Barnes advised that \$10-14 million needs to be retained in an account for cash flow purposes, and therefore needs to be held in an account without expecting quick federal funding.

Member Lantz expressed concerns about funds being deposited into Wells Fargo after a recent scandal in the news regarding their improper handling of investments. Mr. Hasenohrl agreed to explore other financial institutions to hold Foothill Transit funds.

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Member Lantz moved to adopt staff's recommendation with a request to review additional financial institutions as CD investment options.

Following discussion on the need to diversify Foothill Transit's cash holdings, the Executive Board adopted staff's recommendation including Member Lantz's alluded suggestion.

Motion: Member Lantz, seconded by Vice Chair De La Torre

Vote: Unanimously carried

PERFORMANCE INDICATORS REPORT – MARCH 2009

Due to time constraints the Board waived the presentation on the Report, and made a motion to receive and file the March 2009 Performance Indicators Report.

Motion: Chair Delach, seconded by Member Chandler

Vote: Unanimously carried

WEST COVINA PARK AND RIDE PROJECT

Doran Barnes, Executive Director, reported on the West Covina Park and Ride project's progress. Foothill Transit has been working over 15 years to develop an accommodating parking facility in the West Covina area. Foothill Transit will be returning to the Planning Commission on May 26, 2009, to address several comments and concerns on the project's location. The primary concern voiced is the issue of massing, in that it will be a fairly large structure. The two options in satisfying the community's concerns are:

1. Two levels built underground, which would increase project costs by \$1 million per level. This would reduce the enormity of the structure, or:
2. The addition of retail outlets to make the structure more aesthetically appealing to the community.

Either option may satisfy the community's concerns about the project. A strong presentation will be prepared for demonstration to the Planning Commission. Mr. Barnes introduced the Park and Ride structure architects, Scott Johnson and Larry Ball, Johnson Fain Architects FAIA.

Scott Johnson, Johnson Fain Architects FAIA, reported that the building would be five levels above grade, which is four decks and the rooftop, and would also provide parking. The Executive Board was asked for their input on a preference option on the building's design.

Chair Delach noted that in the long run it would be more economical to maintain the design completely above ground, in that underground buildings necessitate extra expenses on land excavation, lighting, air conditioning/ventilation, possible flooding issues, additional security and other unforeseen expenses. Also, ventilation and lighting will be more natural and cost-effective if the entire building is above ground. In response to Chair Delach, Mr. Barnes reported that the retail businesses added to the

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building would not have an impact on sales tax revenue to Foothill Transit. Member Chandler commented that the sales tax revenue from a few small businesses will have no impact on the City of West Covina. Member Storing recommended that the architects explore the status of water levels in the proposed area; no underground structures exist in West Covina. Mr. Ed Gill advised that a geo-tech study was not conducted on the structure.

Chair Delach recommended a five-floor structure as the best recommended option and that Foothill Transit be prepared to offer a positive public relations campaign on the Park and Ride Structure. Mr. Barnes added that their marketing group in addition to Johnson Fain is working on information for its presentation to the Planning Commission. If the Planning Commission rejects Foothill Transit's request an appeal can be filed with the City Council within thirty days.

Member Lantz echoed Member Chandler's question regarding the importance of the proposed location, and noted that the City of Pomona would love to have a Park and Ride and has a good vacant area available. If the Planning Commission turns down the project there are three other areas that would be more responsive to this building. Also, other questions to consider are whether the location of the building (Vincent Avenue) can motivate motorists to leave their cars and use public transportation, and if the parking structure's location warrants the cost.

Mr. Gill reported that the federal FTA grant has been obligated, and if the location is moved to another city it will probably delay the process an additional year. Also, an underground structure would not generate federal environmental issues. Chair Delach noted that the five-level structure is not aesthetically pleasing, and it seems practical that Johnson Fain should design two levels underground to make it more palatable visually. Mr. Barnes added that it would appease community concerns and would meet with quick approval. Mr. Johnson noted that the cosmetic design of the building would not change with two underground levels.

Following discussion, the Executive Board directed Johnson Fain Architects FAIA to design elevations of an architecturally-pleasing design for a three (3) level parking structure, with an additional two (2) levels below grade that comply with Planning Commission approval, and include the addition of retail outlets.

Motion: Chair Delach, seconded by Member Lantz

Vote: Unanimously carried

EXECUTIVE DIRECTOR COMMENT

Mr. Barnes reminded everyone of the Special Executive Board Meeting at 5:00 pm, to be followed by the Governing Board Meeting at 5:30 pm on May 6, 2009.

BOARD MEMBER COMMENT

There was none.

**CLOSED SESSION: CONFERENCE WITH REAL PROPERTY NEGOTIATORS
(Government Code § 54956.8)**

The Executive Board recessed at 10:15 a.m. to Closed Session.
The Executive Board reconvened at 10:34 a.m. from Closed Session.

No reportable action was taken.

ADJOURNMENT

There being no further business, the Executive Board adjourned at 10:35 a.m.